

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4520

February 10, 2005

R E S O L U T I O N

**(RES. W-4520), COBB MOUNTAIN WATER COMPANY (CMWC).
ORDER AUTHORIZING A ONE-TIME SURCHARGE TO RECOVER
AN INCREASE IN WATER TESTING COSTS PRODUCING AN
INCREASE IN ANNUAL REVENUES OF \$1,266.30 OR 10.70%.**

SUMMARY

This resolution grants CMWC an offset rate increase in gross annual revenues of \$1,266.30 or 10.70%, which will be recovered through a two-month surcharge of \$10.05 per customer. This is in order to recover the balance in CMWC's Water Quality Memorandum Account (WQMA). This rate increase will not result in a rate of return greater than the last authorized for CMWC.

BACKGROUND

CMWC, by Advice Letter (AL) No. 32, filed on December 14, 2004, requests authority under Section VI of General Order (G.O.) 96-A and Section 454 of the Public Utilities Code to add a one-time surcharge to its tariff Schedule No. 1A, Annual General Metered Service, resulting in an increase in annual revenues of \$1,266.30 or 10.70%. This increase is to recover CMWC's WQMA balance. The WQMA account tracks water testing costs above and beyond the amount allowed in the last general rate case.

CMWC presently serves 63-metered customers in residential areas located one mile west of the town of Cobb, Lake County. CMWC's Schedule No. 1A rates became effective on August 26, 2003, pursuant to Res. W-4411, which authorized recovery of \$618.76 for memorandum account recovery of water testing costs.

CMWC's last general increase was authorized on February 3, 1994, pursuant to Res. No. W-3825, which authorized an interim rate increase of \$2,280, or 23.8%, and a rate of return of 11.72% for Test Year 1993.

DISCUSSION

Res. W-4013, dated December 20, 1996, which expired January 1, 2002, and Res. W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish WQMAs for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs, not presently included in rates. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with GO No. 96-A. WQMA recovery requires a resolution.

The surcharge requested herein would allow CMWC to recover the WQMA balance, which totals \$1,266.30 from April 12, 2003 through December 7, 2004. The Water Division recommends that CMWC be authorized to assess a two-month surcharge of \$10.05 per customer to recover the \$1,266.30 balance, which will be booked in the WQMA balancing account.

Service is satisfactory. There are no Commission orders requiring system improvements and there are no service problems requiring corrective action. CMWC has been filing annual reports regularly and currently complies with all Commission orders and regulations.

NOTICE AND PROTESTS

Notice of the proposed rate increase was mailed to each customer on December 30, 2004. There were no letters of opposition to the requested increases.

FINDINGS

1. Res. W-4327 authorized CMWC to establish a Water Quality Memorandum Account.
2. CMWC properly established its account and booked \$1,266.30 to it.
3. Staff reviewed the account and determined that recovery by a \$10.05 per customer surcharge for two months is reasonable.
4. The resultant rate increase authorized in this resolution will not result in a rate of return greater than the last authorized for CMWC.
5. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.
6. CMWC's last GRC was granted by Res. W-3825, dated February 3, 1994. CMWC should be ordered to file an informal General Rate Case through the advice letter process within 180 days of the effective date of this resolution.

7. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Cobb Mountain Water Company's Advice Letter No. 32 is hereby approved.
2. Cobb Mountain Water Company is authorized, five days after the effective date herein, to make effective the revised Schedule No. 1A, Annual General Metered Service, attached to Advice Letter No. 32, and to cancel the corresponding presently effective rate schedules.
3. Cobb Mountain Water Company shall file an informal general Rate Case application via the advice letter process within 180 days of the effective date of this resolution.
4. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on February 10, 2005; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
SUSAN P. KENNEDY
DIAN M. GRUENEICH
Commissioners